

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION

BURLEY TOBACCO FACTS AND THE NEW ACT

This statement presents a summary of the Burley tobacco situation together with questions and answers relating to the new Act. Through an amendment to the Agricultural Adjustment Act of 1938, Congress has directed that a marketing quota for the 1938 crop of Burley tobacco be announced. A referendum of Burley tobacco growers is being held to determine whether producers favor or oppose the marketing quota. The following information should prove useful to voters in the referendum.

1. The 1937 Burley tobacco crop was 403 million pounds, the second largest crop on record, having been exceeded only by the 1931 crop of 425 million pounds.
2. The estimated total domestic consumption and exports of Burley tobacco for the current marketing year, beginning October 1, 1937, is 339 million pounds. Although this figure is higher than the total consumption and exports for previous years, and nearly 25 percent above the lowest point reached during the depression, it is 64 million pounds less than the 1937 crop.
3. Stocks, which had become low as a result of the small crops of 1934, 1935, and 1936, were largely replenished from the 1937 crop and are now around the normal level.
4. The total supply of Burley tobacco at the beginning of the current marketing year was 974 million pounds (including 1937 production and carry-over). Normal supply, as defined in the Agricultural Adjustment Act of 1938, for the present level of consumption and exports, is 938 million pounds. Thus, the present total supply is around 4 percent in excess of the normal supply level.
5. Growers have expressed intentions, as of March 1, 1938, to increase plantings in 1938 to approximately 6 percent above the acreage harvested in 1937. A crop in 1938 as large as that of 1937 would so exceed domestic consumption and exports that the proclamation of a marketing quota for the 1938 crop would be required under the Act before the opening of markets next fall.
6. Prices for the 1937 crop were extremely irregular. Keeping marketings from the 1938 crop within the amount of the 1938 marketing quota, 350 million pounds, should tend to stabilize prices for this crop.
7. Over a period of years farmers are likely to receive less total income from crops that are larger than demand than from crops that are in line with demand.



Questions and Answers

General Features of the New Farm Act

1. Q. What is the Agricultural Adjustment Act of 1938?
A. An Act of Congress approved by the President on February 16, 1938, which, among other things, continues, amends, and strengthens the Soil Conservation and Domestic Allotment Act and provides authority for the control of surpluses in five commodities, cotton, tobacco, rice, corn, and wheat.
2. Q. In what way does the Act provide control of surpluses?
A. When supplies reach certain levels, marketing of the crops is regulated through the establishment of marketing quotas, unless the application of such quotas is opposed by more than one-third of the producers voting in a referendum on the question.
3. Q. Do the marketing quotas for tobacco apply to all kinds of tobacco or to each kind of tobacco separately?
A. The Act defines different kinds of tobacco and the marketing quotas apply to each kind separately.

Marketing Quotas for Burley Tobacco

4. Q. When will Burley tobacco marketing quotas be put into effect?
A. An amendment to the Act specifies that a marketing quota will be in effect on the 1938 crop, beginning with the opening of the marketing year, October 1, 1938, unless one-third or more of the voters voting in the referendum oppose the application of the quota. For other years the Act provides that when the total supply exceeds the "reserve supply level" for Burley tobacco a national marketing quota will be in effect for the marketing year.
5. Q. What is the "reserve supply" level?
A. Reserve supply level is a quantity of tobacco 5 percent above the "normal supply." The present reserve supply level for Burley tobacco is 985 million pounds. "Normal supply" is defined as the sum of a normal year's domestic consumption plus 175 percent of such consumption and a normal year's exports plus 65 percent of such exports.

6. Q. What is "total supply?"
A. Total supply is the quantity of tobacco on hand October 1, at the beginning of the marketing year, plus the estimated crop for the year. The total supply of Burley tobacco on October 1, 1937, was 974 million pounds.
7. Q. What is a marketing quota?
A. A marketing quota is the quantity of tobacco which can be marketed without penalty.
8. Q. How much is the 1938 marketing quota for Burley tobacco?
A. The national marketing quota for 1938 is 350 million pounds.
9. Q. What was the amount of the 1937 crop?
A. The estimated 1937 production was 403 million pounds.
10. Q. When is the Secretary required to announce the national marketing quota?
A. The 1938 quota was announced in March 1938. In later years any quota must be announced not later than December 1.

Referendum

11. Q. When is the referendum required to be held?
A. In 1938, the referendum will be held in April. In other years not later than December 31.
12. Q. Who is eligible to vote in the 1938 referendum?
A. Farmers engaged in the production of Burley tobacco in 1937. Each farmer will have one vote.
13. Q. How does the referendum affect the operation of the Act?
A. If more than one-third of the growers voting in the referendum are opposed to the marketing quota the quota will not go into operation.

Determination of State Quotas

14. Q. How is the national marketing quota divided among the States?
A. The national marketing quota is divided among the States on the basis of production in the past 5 years (including estimated production on diverted acres), with adjustments for abnormal weather and plant-bed diseases, for small farms, and for trends in production.

15. Q. Is all of the quota distributed on this basis?
A. Not less than 95 percent of the quota is distributed on this basis.
16. Q. How is the remaining part of the quota distributed?
A. The remaining part of the quota, not exceeding 5 percent, is used to provide allotments to new farms—farms on which tobacco is produced for the first time in 5 years—and for increases of quotas for small farms.

Division of State Quotas Among Farms

17. Q. How is the State quota divided among farms?
A. The State quota is divided among counties and the local committeemen in each community recommend quotas for individual farms, in accordance with uniform instructions.
18. Q. What are the local committees required to consider in recommending quotas for farms?
A. Past marketings of tobacco (adjusted for abnormal weather and for plant-bed diseases); land, labor, and equipment available for the production of tobacco; crop-rotation practices; and the soil and other physical factors affecting production of tobacco.
19. Q. What are the local committees required to consider in recommending quotas for new farms?
A. The same factors as for other farms except past marketings of tobacco. The quota for any new farm cannot be more than 75 percent of the quotas for other farms in the locality which are similar as regard land, labor, and equipment available for production of tobacco; crop-rotation practices; and the soil and other physical factors affecting production of tobacco.
20. Q. What consideration is given to small farms?
A. Small farms from which marketings have averaged less than 2,400 pounds will have a minimum poundage quota equal to their average marketings plus normal production on any diverted acres.
21. Q. Will all small farms be allowed to market up to 2,400 pounds regardless of their past marketings?
A. No. A small farm will not have a marketing quota larger than its normal marketings unless a specific adjustment based upon recommendation by the local committee should be made.

22. Q. Can new farms obtain large quotas?
A. No. Quotas for new farms will consist of reasonable allotments for small farms. The maximum quota for any new farm probably will be 2,400 pounds.
23. Q. When will farmers be able to obtain information about their marketing quotas?
A. Information on farm marketing quotas will be available before the beginning of the marketing season.

Penalties

24. Q. What is the penalty for marketing tobacco in excess of the quota?
A. The penalty will be 50 percent of the gross value of the tobacco, or 3 cents per pound, whichever is greater.
25. Q. Who will pay the penalty?
A. The penalty will be paid by the warehouseman or buyer who may deduct it from the price paid to the farmer.

Transfer of Quotas

26. Q. Can marketing quotas be transferred among farms?
A. The Act empowers the Secretary of Agriculture to issue regulations under which marketing quotas may be transferred among farms.

Marketing Quotas and the Agricultural Conservation Program

27. Q. What is the relation between the marketing quotas and the Agricultural Conservation Program?
A. The marketing quotas are set up under the Agricultural Adjustment Act of 1938 as amended. Acreage allotments which are entirely separate from the marketing quotas, are set up under the Agricultural Conservation Program.
28. Q. When will the acreage allotments under the Agricultural Conservation Program be made?
A. They will be made at an early date.
29. Q. Will the acreage allotments under the Agricultural Conservation Program be likely with normal yields to result in production in line with the marketing quotas?
A. Yes.
30. Q. In case production on any farm should exceed the marketing quota for the farm, what disposition may be made of the excess?

- A. It may be sold under quota transferred from any farm on which production is below the quota; it may be sold and the prescribed penalty paid thereon; it may be stored by the grower and not marketed during the year for which the quota is effective, provided suitable storage facilities are available; or it may be diverted to uses other than through normal channels of trade.
31. Q. Will the quota affect the payments under the Agricultural Conservation Program?
- A. No. Payments for acreage performance under the Agricultural Conservation Program will be made without regard to the marketing quota. This payment will be at the rate of one-half cent per pound of the normal yield for each acre in the farm acreage allotment.
32. Q. How will the planting of an acreage in excess of the farm acreage allotment affect payments under the Agricultural Conservation Program?
- A. A deduction will be made from the payment at the rate of 5 cents per pound of the normal yield for each excess acre.
33. Q. What will be the adjustments of acreage under the Agricultural Conservation Program?
- A. For farms having a normal acreage of 3.2 acres or more, approximately 25 percent below the normal acreage; for farms having 2.5 acres or less, 10 percent below the normal acreage; and for farms having between 2.6 and 3.2 acres, adjustments ranging from 10 to 25 percent below the normal acreage.

ACREAGE, YIELD, PRICE, VALUE, PRODUCTION, STOCKS, SUPPLY, AND ESTIMATED DOMESTIC CONSUMPTION AND EXPORTS OF BURLEY TOBACCO, 1919-37

Year	Acreage harvested	Yield per acre	Season average price per pound	Farm value	Production	Stocks Oct. 1, farm sales weight	Supply Oct. 1, farm sales weight	Estimated domestic consumption year beginning Oct. 1, farm sales weight	Estimated exports, year beginning Oct. 1, farm sales weight	Number of years' supply (supply divided by consumption and exports)
	1,000 acres	Pounds	Cents	Million dollars	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Number
1919-----	361.5	831	33.2	99.9	300.3	281.9	582.2	241.1	2.5	2.4
1920-----	364.5	789	13.5	38.8	287.7	323.5	611.2	198.8	2.6	3.0
1921-----	232.9	754	21.5	37.9	175.7	386.7	562.4	217.9	3.7	2.5
1922-----	322.7	857	26.8	74.2	276.4	333.2	609.6	224.6	4.5	2.7
1923-----	390.3	872	20.0	68.0	340.4	399.9	740.3	235.6	9.6	3.0
1924-----	348.4	849	20.1	59.5	295.8	505.4	801.2	244.7	7.0	3.2
1925-----	344.9	806	18.0	50.0	277.8	534.8	812.6	252.3	7.1	3.1
1926-----	347.0	832	13.1	37.7	288.8	541.2	830.0	251.0	21.7	3.0
1927-----	241.1	731	25.9	45.6	176.2	525.8	702.0	254.2	8.1	2.7
1928-----	329.7	816	30.5	82.1	269.1	413.3	682.4	268.7	7.0	2.5
1929-----	418.1	807	21.8	73.4	337.4	394.2	731.6	273.7	11.0	2.6
1930-----	472.1	740	15.5	54.0	349.2	438.3	787.5	273.1	9.8	2.8
1931-----	502.7	845	8.7	36.9	424.8	510.2	935.0	260.7	12.5	3.4
1932-----	410.2	740	12.5	38.1	303.7	682.6	986.3	265.6	11.8	3.6
1933-----	501.5	753	10.5	39.7	377.5	720.3	1,097.8	271.1	15.8	3.8
1934-----	303.5	831	16.9	39.6	234.2	820.3	1,054.5	283.8	13.7	3.5
1935-----	278.9	792	19.1	42.2	220.9	769.9	990.8	302.6	10.1	3.2
1936-----	301.0	725	35.8	78.1	218.3	681.7	900.0	317.2	12.7	2.7
1937 ¹ -----	461.0	873	20.5	82.6	402.7	571.8	974.5	327.0	12.0	2.9

¹ Preliminary.